

SPACE INDUSTRY (INDEMNITIES) BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Space Industry (Indemnities) Bill as introduced in the House of Commons on 6 December 2023 (Bill 28).

- These Explanatory Notes have been provided by the Department for Transport, with the consent of Jonathan Lord MP, the Member in charge of the Bill, in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill.

Table of Contents

Subject	Page of these Notes
Overview of the Bill	2
Policy background	2
Legal background.....	2
Territorial extent and application	3
Commentary on provisions of Bill	3
Commencement.....	4
Financial implications of the Bill.....	4
Parliamentary approval for financial costs or for charges imposed	4
Compatibility with the European Convention on Human Rights.....	4
Environmental law	4
Related documents.....	4
Annex A - Territorial extent and application in the United Kingdom ...	5

Overview of the Bill

- 1 This Bill amends the Space Industry Act 2018 to require that spaceflight operator licences must specify a limit on the amount of the licensee's liability to indemnify the United Kingdom Government and other particular persons or bodies against any claims brought against the government, or the person or body, in respect of damage or loss arising out of or in connection with spaceflight activities authorised by the licence.

Policy background

- 2 The Space Industry Act 2018 (the 2018 Act) was introduced to enable spaceflight activities from the United Kingdom, such as operating a satellite in orbit and enabling launch to orbit from spaceports in the United Kingdom, for the first time. Such activities require a licence.
- 3 International law, particularly UN space treaties, places obligations and responsibilities upon states for activities in outer space. In particular, UN space treaties make provision for the liability of states for damage or injury caused by their space activities. To mitigate against potential claims on the UK Government, section 36 of the 2018 Act requires the holder of a spaceflight operator licence to indemnify the Government and a number of named public bodies. However, this is subject to any limit on the amount of the operator's liability specified in the licence except in prescribed circumstances such as where the operator is liable in respect of gross negligence or wilful misconduct. Currently section 12(2) of the 2018 Act provides that an operator licence "may" specify a limit on the amount of a licensee's liability to indemnify under section 36.
- 4 Through responses to a [consultation on spaceflight liability, insurance and charging](#), the Government is aware that holding unlimited liabilities could be a barrier to conducting spaceflight activities from the United Kingdom. Other launching nations limit liabilities or provide a state guarantee for spaceflight activities conducted from their territory.
- 5 Current Government policy and guidance is that all spaceflight licences will include limits on the amount of an operator's liability to indemnify under section 36 of the 2018 Act and the amount of insurance they are required to hold, so that no operator will face unlimited liability. This Bill will provide industry with legal certainty that the amount of an operator's liability will be capped, by making it mandatory to cap the amount of liability to indemnify under section 36.

Legal background

- 6 Section 36(1) of the 2018 Act requires a person carrying out spaceflight activities to indemnify the United Kingdom Government or a person or body listed in subsection (2) against any claims brought against the government, or the person or body, in respect of damage or loss arising out of or in connection with those activities. The United Kingdom could, for example, face claims where the UN Convention on International Liability for Damage caused by Space

Objects applies. Section 36(3) and (4) makes further provision about the requirement to indemnify including when that requirement does not apply.

- 7 The requirement to indemnify under section 36(1) is subject to any limit specified under section 12(2) of the 2018 Act on the amount of a licensee's liability, except in prescribed cases or circumstances.
- 8 Currently section 12(2) provides that an operator licence may specify a limit on the amount of a licensee's liability to indemnify under section 36. This Bill amends section 12(2) and makes a consequential amendment to section 36(3)(a).

Territorial extent and application

- 9 Clause 2 sets out the territorial extent of the Bill.
- 10 As with sections 12(2) and 36 of the 2018 Act which this Bill amends, this Bill extends to England and Wales, Scotland and Northern Ireland.
- 11 The matters to which the provisions of this Bill relate are not within the legislative competence of the Scottish Parliament, Senedd Cymru or the Northern Ireland Assembly. If there are amendments relating to matters within the legislative competence of the Scottish Parliament, Senedd Cymru or the Northern Ireland Assembly, the consent of the relevant devolved legislature(s) will be sought for the amendments.
- 12 Section 71(5) of the 2018 Act provides a power to direct, by Order in Council, that any of the provisions of the Act extend (with any modifications specified in the Order) to any of the Channel Islands, the Isle of Man or any British overseas territory. Clause 2(2) of the Bill provides that the power under section 71(5) may be exercised so as to extend to any of the Channel Islands, the Isle of Man or any British overseas territory any amendment by the Bill (with or without modifications).
- 13 See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom.

Commentary on provisions of Bill

Clause 1: Licence terms relating to indemnification of government etc

- 14 Clause 1(a) amends section 12(2) of the 2018 Act so that an operator licence authorising spaceflight activities must specify a limit on the amount of the licensee's liability to indemnify the Government and other listed bodies under section 36 of that Act in respect of the activities authorised by the licence.
- 15 Clause 1(b) makes a minor consequential amendment to section 36(3)(a) of the 2018 Act.

Clause 2: Extent, commencement and short title

16 This clause sets out the territorial extent, commencement and short title of the Bill.

Commencement

17 Clause 2(3) provides that this Bill will come into force at the end of the period of two months beginning with the day on which it is passed.

Financial implications of the Bill

18 This Bill has no additional financial implications, because the amendment it makes to section 12(2) of the 2018 Act reflects current Government policy that the regulator should specify in an operator licence a limit on the amount of an operator's liability to indemnify under section 36 of that Act.

Parliamentary approval for financial costs or for charges imposed

19 The Bill does not require either a money resolution or a ways and means resolution.

Compatibility with the European Convention on Human Rights

20 As this Bill is a Private Member's Bill no statement of compatibility is required. However, the Department for Transport considers that the provisions of this Bill are compatible with the European Convention on Human Rights.

Environmental law

21 As this Bill is a Private Member's Bill, no statement under section 20 of the Environment Act 2021 is required. However, the Department for Transport is of the view that the Bill as introduced into the House of Commons does not contain provision which, if enacted, would be environmental law for the purposes of section 20.

Related documents

22 The following documents are relevant to the Bill and can be read at the stated locations:

- [Space Industry Act 2018](#)
- [consultation on spaceflight liability, insurance and charging](#)

Annex A - Territorial extent and application in the United Kingdom

Provision	England	Wales		Scotland		Northern Ireland	
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Legislative Consent Motion process engaged?	Extends and applies to Scotland?	Legislative Consent Motion process engaged?	Extends and applies to Northern Ireland?	Legislative Consent Motion process engaged?
Clause 1 (Licence terms relating to indemnification of government etc)	Yes	Yes	No	Yes	No	Yes	No
Clause 2 (Extent, commencement and short title)	Yes	Yes	No	Yes	No	Yes	No

Subject matter and legislative competence of devolved legislatures

This Bill amends sections 12(2) and 36 of the Space Industry Act 2018 which extend to England and Wales, Scotland and Northern Ireland. The regulation of activities in outer space or activities connected with outer space are not devolved.

SPACE INDUSTRY (INDEMNITIES) BILL

EXPLANATORY NOTES

These Explanatory Notes relate to the Space Industry (Indemnities) Bill as introduced to the House of Commons on 6 December 2023 (Bill 28).

Ordered by the House of Commons to be printed, 6 December 2023

© Parliamentary copyright 2024

This publication may be reproduced under the terms of the Open Parliament Licence which is published at www.parliament.uk/site-information/copyright

PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS